67:72:4/24

JUNE 13, 1966

FUTURE FOR U.S. FARM TRADE WITH HONG KONG

WHAT IS POTENTIAL FOR EXPANDED EAST-WEST TRADE?

CZECH FEED GRAIN MARKET

AUG 1966
Documents
TTC
Library

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

JUNE 13, 1966

VOLUME IV • NUMBER 24

Contrasting scenes in Hong Kong—sidewalk vendor against a backdrop of modern stores and office buildings. See article, opposite page, on the outlook for our farm trade in Hong Kong.

Contents

3 Future Bright for U.S. Agricultural Trade in Hong Kong

5 Irish Journal's Push To Step Up Home Finishing Of Cattle Could Widen Use of U.S. Feed Grains

6 Japan Increases Its Imports of Dairy Products As Rising Demand Continues To Outstrip Supply

6 Venezuela's Food Import Demand To Increase

7 What Is Potential for Expanded East-West Farm Trade?

9 U.S. Feed Grains Team Sees Possibilities of Further Czech Imports

10 New Iranian Import Tax To Affect Growing U.S. Vegetable Oil Trade

11 Canada More Than Doubles Its Food Aid To Developing Countries

11 Spain Sets Up Minimum Cotton Prices

12-15 World Crops and Markets (Commodity index on page 15)

16 Highlights of the Agriculture and Trade of Denmark

Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson Associate Editors: Ruth A. Oviatt, Janet F. Beal

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, John H. Dean, David L. Hume, Robert O. Link, Kenneth W. Olson, Donald M. Rubel, Quentin M. West, Donald K. Childers.

This magazine is published as a public service, and its contents may be reprinted freely. Use of commercial and trade names in the magazine does not imply approval or constitute endorsement by the Department of Agriculture or the Foreign Agricultural Service.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

Aerial view of the city of Hong Kong.

Future Bright for U.S. Agricultural Trade in Hong Kong

The outlook is good for increased sales of U.S. agricultural products in Hong Kong—provided the U.S. trade is willing to invest more time and money in market promotion. This was the finding of a recent USDA-sponsored survey of Hong Kong importers, wholesale distributors, and retailers to assess the potential for U.S. agricultural products.

Within the tiny land area comprising Hong Kong—slightly under 400 square miles—is a booming economy and a geographical, political, and economic crossroad of the Far East. Its minimal duties and lack of trade restrictions draw buyers and sellers from the world over, particularly from Asia, and make possible total imports comparable to those of much larger nations.

A big dollar market

These factors, plus the Colony's ability to produce only about 10 percent of needed agricultural products, have helped make Hong Kong second only to Japan as an Asian dollar market for U.S. farm products. Totaling nearly $70 million in recent years, these U.S. agricultural exports generally account for about 13 percent of the Hong Kong farm market, or less than half as much as that of No. 1 supplier, Mainland China.

Currently, major contributors to the U.S. export total are cotton, tobacco, soybean oil, and fresh fruit. Much of our future expansion, the survey says, may come in exports of U.S. processed and frozen foods—notably frozen poultry and poultry parts; canned meats, fruits, vegetables and juices; wheat products; and milk-based infant foods. Use of these latter products is rising, reflecting the increase in consumer spending and refrigeration facilities and the change in attitudes as a result of television, teaching of English in schools, and more contact with Westerners.

The population of Hong Kong—totaling about 3.8 million people, 98 percent of them Chinese and one-third, 15 years of age and younger—consumes large quantities of rice, pork, fish, poultry, and fruits and vegetables.

This preference for poultry shows up in Hong Kong's relatively large import—over $3 million—of poultry meat, most of it in the form of whole dressed chicken and ducks, chicken and duck feet, wings, and necks, followed by broiler parts. Turkey imports are small, with this trade limited to hotels and airline caterers on a seasonal basis.

The United States, with a reputation for good-quality and reasonably priced products, enjoys over three-fourths of the poultry market, though price competition from Denmark has begun to increase. Ways to expand this market, according to the report, include active promotion and efforts to meet consumer preference for small-size birds.

For red meat, the U.S. market is largely limited, because of price, to processed meats, exports of which probably could be expanded through merchandising and promotion of brand products.

Increased sales of U.S. fruits and vegetables, especially processed items and fruit juice, might be developed through added promotion and concentration on selling brand-name and quality items.

Among the fresh fruit imports, two-thirds of the citrus, one-fourth of the apples, and three-fourths of the grapes generally come from the United States. The better quality of these U.S. fruits largely overcomes the lower prices of fruit from South Africa, Australia, and Mainland China.

Potential for canned fruits

U.S. canned fruits and juices are also big sellers, in 1964 accounting for around 50 and 40 percent of the markets, respectively. For canned juice, however, increased competition from Japan, the United Kingdom, and the seven other nations in the market has dropped our share of imports from 70 percent in 1962 to 40 percent in 1964—this in spite of a 50-percent rise in total imports.

The small dried fruit market is dominated by the United States with Mainland China and Australia the next largest suppliers. It is felt that additional U.S. sales of dried fruit might be generated in view of our well-established trade and the gradual rise in Hong Kong's import volume.

Efforts to create greater awareness of U.S. canned vegetables are recommended, especially considering the importance of vegetables in the Hong Kong consumers' diets. Currently, about a third of the canned vegetable imports

Space Available at Food Products Show

Applications are now being taken for the American Food Products Exhibition, to be held August 29-September 2 at the Hilton Hotel, Hong Kong. The exhibition—U.S. agriculture's first all-out attempt to promote in the Colony—will feature specialty foods and poultry under the sponsorship of the U.S. Department of Agriculture; the Grocery Manufacturers of America, Inc.; the National Association for the Specialty Food Trade, Inc.; and the Institute of American Poultry Industries.

Interested firms should notify the International Trade Fair Division, Foreign Agricultural Service, USDA, Wash., D.C. 20250, phone DU 8-3509.

come from the United States. Imports of canned tomatoes are especially large, with Taiwan and the United Kingdom strong competitors for this market.

Use of frozen vegetables, although relatively small compared with that of canned, is growing—with imports from the United States doubling between 1962 and 1964 to almost half a million pounds. Hong Kong is a big market for preserved or prepared and dehydrated or evaporated vegetables. Imports from the United States are minimal.

The United States supplies nearly all the small volume of imported vegetable-based, canned infant foods, and there is every indication that imports could be expanded.

Dried beans and peas are imported in large quantity, mainly from Mainland China and Thailand. Though its share of this market is generally negligible, the United States did export sizable amounts of peas to Hong Kong last year. Consumers there regard U.S. peas and beans as excellent in quality but a little too sweet in taste.

Wheat products—items to watch

Survey findings reveal that wheat is becoming more acceptable, particularly in noodles, as a substitute for rice. The taste for bread is also growing.

Australia and Canada are chief suppliers of unmilled wheat to Hong Kong, while prime sources for flour are Canada and Japan followed by the United States. Though U.S. flour is rated high on quality, Hong Kong importers base their purchases largely on price.

Wheat products, including biscuits, pastry items, and cakes, are currently a minor import, but this is a product class that merits close following and efforts to expand the U.S. market share. Currently, the United Kingdom, Mainland China, and Denmark are the largest suppliers.

Imports of rice, which generally account for over a third of the total food import, are rigidly controlled by the Hong Kong Department of Commerce and Industry. Thailand furnishes about 60 percent of the rice, and Mainland China, 30 percent.

Soybean imports come mainly from Mainland China, though the United States does supply a small share. Soybean oil, on the other hand, is a big dollar earner for the United States—in 1964 bringing in over $6.2 million; the U.S. share of the market is generally around 90 percent.

Trade in certain kinds of U.S. tobacco might be increased through appropriate sales expansion programs. Today, the United States dominates most of the market for cigarettes and leaf tobacco but appears to be losing ground in the market for pipe tobacco, cigars, and cheroots.

The textile industry—a highly important part of Hong Kong's economy—buys from the United States between 15 and 25 percent of its total cotton imports, making this our largest agricultural export to Hong Kong. U.S. prices, as well as U.S. import quotas on textiles from Hong Kong, determine in a large measure the level of our cotton trade with that country.

A small but growing part of Hong Kong's agricultural imports goes to the institutional trade. This appears to be an area where greater use of U.S. products might be obtained, particularly as the influence of Western life expands. Much of the institutional buying is based on U.S. grades and quality rather than price.

In both institutional and consumer markets much will depend on efforts by the U.S. farm trade to promote its products. Hitherto promotion of U.S. commodities has been sporadic, limited to only a few items, and confined to point-of-purchase materials. This is in marked contrast to what is being done by some other competitors.

Several approaches to building greater demand for our products in Hong Kong seem feasible. Among these are special trade exhibits, particularly for processed foods; in-store promotions; and additional publicity. Because of the small area involved, tradesmen and retailers could be brought together without much difficulty to view and participate in a food exhibit.

Newspapers (both Chinese and English), radio, television, and other news media are available for advertising purposes; their public exposure is high, and rates are low in comparison to those in the United States.

U.S. exporters should also make every effort to package their products in a way that is appealing to the Hong Kong consumer, as importers in the Colony regard packaging as an important sales factor. Protective-type packaging to maintain quality is the primary consideration, followed by size and appearance.

Size is important because of the extremely limited storage space available in retail stores and in the average residence. Likewise, package designs and trademarks must appeal to Chinese taste.

Colors used are important as certain colors are associated in the popular mind with good or bad luck; labels should avoid designs, themes, and terminology which are meaningless to the consumer; and brand names must lend themselves to translation into Chinese characters, with a phonetic result that is not offensive or ludicrous.

Lack of trade restrictions

Hong Kong is a free port which has no general tariff. All agricultural products except tobacco enter duty free, and import and export licensing are kept to a minimum. Harbor fees are low and there are few regulations pertaining to unloading. Hong Kong is a member of the Sterling Area but also has a free exchange market for current and capital transactions.

Documents required for a shipment to Hong Kong are a bill of lading or airway bill and a commercial invoice. Shipments of meat and poultry must be accompanied by an official certificate issued by the responsible authority in the country of origin, and products defined as dangerous must have descriptive labels in Chinese and English.

Irish Journal's Push To Step Up Home Finishing Of Cattle Could Widen Use of U.S. Feed Grains

The *Irish Farmers' Journal* recently came out editorially for winter grain feeding of cattle. If put into effect, this could mean an expanded market for feed grains in Ireland, where currently little grain is used for cattle feed.

A weekly newspaper for the Irish farm community, the *Journal* has even proposed that farmers be granted special quotas of imported feed grains for fattening cattle during the winter. The newspaper has been trying to direct the future development of Ireland's beef cattle industry more toward domestic finishing rather than exporting feeder cattle to Britain.

Could bring greater imports

Winter grain feeding of cattle could require the importation of more corn and grain sorghum, of which the United States is almost the sole supplier. For the past few years, Irish imports of U.S. corn have averaged 100,000 long tons of the 105,000 permitted by quota. Imports of U.S. grain sorghum totaled 95,000 long tons in 1964-65, compared with 71,000 in 1963-64 and almost none the year before.

The U.S. Feed Grains Council, cooperator with FAS in market development, has for several years been trying to encourage grain feeding of cattle in Ireland through feeding trials and demonstrations in cooperation with University College, Dublin. At a recent beef-feeding conference, University College representatives reported these demonstrations showed that the rate of weight gain is higher for cattle fed on corn than for those fed on barley or sugarbeet pulp.

Cattle fattened on pasture

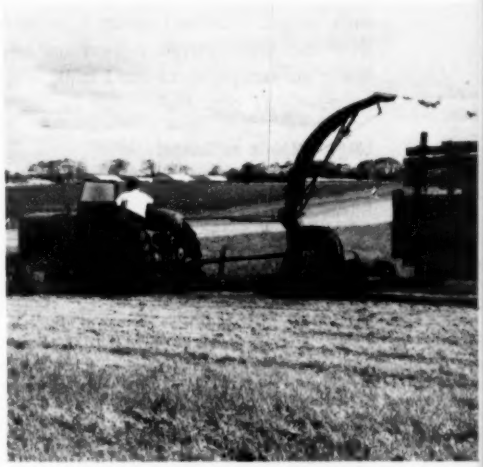
Under Ireland's current pattern of beef production, most farmers wait until spring pastures are available to begin fattening their cattle, with the result that most of the country's fat cattle are marketed in the fall. With few cattle available during the first half of the year, meat packing plants are forced to operate far below their normal capacities.

"It is bad business to have a flood of Irish beef moving into English markets in autumn followed by a miserable trickle in the high-priced months of spring," one editorial pointed out.

Although cattle receive some supplement to pasture to carry them through the winter, this consists mainly of hay and other roughages. Hogs and poultry consume 90 percent of the feed grains used in the country, with the remainder going to dairy rations.

To bring about a more uniform supply of cattle in the marketing system, the *Journal* recommends "topping up" the traditional winter feed of beet tops and silage with grain. "With silage feeding topped by grain, it is possible to produce winter and spring beef quite economically, but encouragement is needed to effect a change in the pattern of production," according to another editorial. Among stimuli suggested were "price incentives, factory contracts, and advice."

Irish farm newspaper suggests "topping up" silage, being harvested below, with feed grain in winter feeding of cattle.



Cattle destined for slaughter in Ireland are pastured (below) in the spring and summer, causing a run on packing plants in the fall and early winter. Right, fat is stripped from beef.

Japan Increases Its Imports of Dairy Products As Rising Demand Continues To Outstrip Supply

Japan's imports of manufactured dairy products, including nonfat dry milk, butter, and natural cheese, are rising rapidly as more of its domestically produced milk gets channeled into the growing fluid-milk market.

Although milk production has been moving upward at a fast pace, consumption of fluid milk until last year had been increasing more rapidly than milk production. Last year's output, at 7.1 billion pounds, was 7 percent above that of 1964. Consumption of fluid milk also rose 7 percent in 1965, and milk used in processing, 6 percent. During January-March 1966, milk output increased about 7 percent over the same period a year earlier, while consumption of fluid milk rose by nearly 17 percent.

Larger imports authorized

This sharp increase in demand, combined with import restrictions, caused dairy-product prices to sky-rocket—leading to larger imports.

Only casein, lactose, and cheese are liberalized for import. Since April 1, 1966, the Livestock Industry Promotion Corporation (LIPC)—a quasi-governmental corporation established to stabilize dairy and livestock prices—has the exclusive rights for commercial imports of nonfat dry milk, butter, and whey powder. All other dairy products are imported against announced quotas or with special licenses.

The Government of Japan is committed to a stable price policy for dairy products and each year establishes ceiling prices at the wholesale level. This year's prices for butter and nonfat dry milk are 76 and 44 cents per pound, respectively. When prices rise above these levels, the LIPC is authorized to sell the butter and nonfat powder it bought and stored when market prices were below the floor level. Since market prices have been generally above the ceiling level in recent years, domestic market purchases have been small.

To help stabilize prices, the LIPC in late 1965 increased imports of butter and nonfat dry milk when domestic prices of both products exceeded the ceiling price level. Domestic prices continued moving upward despite these imports, necessitating additional imports. Since January, Japan has imported approximately 4½ million pounds of butter and 11 million of nonfat dry milk, yet domestic prices are still climbing and are among the highest prices in the world.

Prices still rising

Nonfat dry milk sells for about 60 cents per pound wholesale, an increase of nearly 15 cents per pound in recent months and about four times the current world price. Prices of other dairy products, notably butter and processed cheese, have also increased in recent months, though less dramatically than that of nonfat dry milk; they are now at very high levels—retailing for about $1 per pound.

In an effort to maintain the line on prices, ice cream and confectionery manufacturers, who use large quantities of nonfat powder, have requested the LIPC to import 25 million pounds in 1966, a 19-percent increase from the 21 million pounds imported in 1964. The LIPC is also considering dry whole milk imports for ice cream and confectionery manufacturing.

Industry has also asked the LIPC to import more butter in an effort to stabilize consumer prices. Butter imports are expected to total 8 million-10 million pounds in 1966, compared with less than 250,000 2 years earlier.

Since imported natural cheese is used in the production of processed cheese, cheese imports are also moving upward at a fast pace. During the past 2 years, they rose 27 and 20 percent, respectively, and will likely rise another 20 percent to about 25 million.

—DAVID L. SCHLECHTY
Dairy and Poultry Division, FAS

Venezuela's Food Import Demand To Increase

A recently completed supply and demand study of selected agricultural commodities projected Venezuela's import demand for the years 1965, 1970, and 1975. These projections reflected increasing import demand through 1975 for wheat, barley (mostly germinated barley), oats, raw cotton, copra, cottonseed oil, milk (in the form of conserved milk and special cheeses not produced in the country), corn, beans (all types), and seed potatoes.

Of these, the United States should have competitive export opportunity for wheat, germinated barley, cotton, cottonseed oil, the yellow corn portion of the corn import demand, and beans and other pulses. Among commodities not included in the study with possible shorter term export opportunities are fruits (fresh, canned, and dried), nuts and preparations, seeds, soybeans, and tallow. In addition, there is a continuing market for breeding stock, particularly cattle and swine.

Venezuela's agricultural policy has been constructed toward the objectives of self-sufficiency in food production, development of related processing industries and, ultimately, production of a surplus for export. Most of the known policy tools have been utilized toward attainment of these objectives, and cumulatively, they have been paying off in increased production.

By the end of 1964 Venezuela was faced with the problem of its first small surpluses in rice, sugar, and potatoes. Spectacular progress had also been made in output of dairy products, poultry meat, eggs, and beef.

There remain, however, several major commodities still in deficit production—such as corn, cotton, sesame, copra, pork, and pulses. To these may be added wheat, barley, oats, soybeans, and deciduous fruits: there is demand for these but their production is limited or prohibited because of ecological factors.

Considerable capacity still exists for further increases in Venezuela's agricultural production. So far, though, Venezuelan agricultural production has been, generally speaking, high-cost production. In the case of surplus production this will pose problems when it becomes necessary to compete with other countries on the world market. Also, agricultural policy so far has done little to improve marketing and distribution.

Venezuela's agricultural policy is having the effect of limiting U.S. export opportunities to commodities of deficit production and to those commodities which Venezuela does not produce but for which there is demand.

—JAMES F. GEHR
U.S. Agricultural Attaché, Caracas

What Is Potential for Expanded East-West Farm Trade?

Chicago University's Dean D. Gale Johnson says Eastern Europe will try hard to reduce current need for farm imports, especially grain.

It is impossible to predict with any reasonable degree of accuracy the volume and direction of trade in farm products between the East and the West.

Not too many years ago there was widespread fear that the Soviet Union was to become a major exporter of grains, especially wheat, not only to East European countries but also to the West. Communist China was then exporting rice regularly on a small but significant scale and was importing little or no grain.

Conditions have changed, and generally in an adverse direction for the Communist world. But change can be a two-way street, and it would be the height of folly to assume that neither improved management nor good weather will ever come to pass again.

Importer status new for East Europe

Significant net imports by the countries or areas now controlled by Communist governments are a relatively new development. Before World War I, Eastern Europe, including Russia, had net grain exports of 14 million metric tons. This was more than the exports of North America, Latin America, and Oceania combined. By the late twenties the situation had changed drastically, in part due to a decline in production and exports in the remainder of Eastern Europe.

Until 1964, Eastern Europe was on balance a net exporter of grain to the West, averaging approximately a million tons a year between 1959-60 and 1962-63. There was substantial trade within Eastern Europe, with the Soviet Union exporting between 4 and 6 million tons to Eastern Europe and importing about half a million tons of grain from non-Eastern sources. It was not until 1963-64 that the Soviet Union became an important grain importer.

Only since 1960 has Mainland China been a significant net importer of agricultural products. Prior to 1961, Mainland China exported significant quantities of rice and soybeans and imported little. Starting in 1961, imports of grain, primarily wheat, exceeded 5 million tons and have ranged from 4 to 5 million tons since then. They may continue at that level in 1966 and 1967 if agreements to purchase now in effect are utilized to the maximum.

The Soviet Union and the rest of Eastern Europe also import significant quantities of sugar, cotton, fruit, vegetables, and tobacco. For a number of products, the Soviet Union imports significant quantities and exports the same or similar commodities to Eastern Europe.

However, U.S. exports to Eastern Europe have consisted mainly of grains and cotton with fats and oils a rather poor third. And in recent years a significant fraction of our exports to Eastern Europe has consisted of P.L. 480 shipments to Poland.

Both the Soviet Union and Mainland China are reluctant importers of agricultural products. Neither country is willing, at this time, to consider itself a major long-term importer of significant quantities of food.

There are several reasons for this view, of which perhaps two are overriding. First, rapid and sustained economic growth of both economies is dependent upon importing a variety of manufactured products, and food imports require scarce and valuable foreign exchange. Second, neither nation wants to become dependent upon the highly developed capitalist countries for a marginal though significant part of its food supply.

Over the past decade the Soviet Union has not been able to change the composition of its exports. Its foreign exchange earnings still come predominantly from the export of fuels, raw materials, and foodstuffs. In 1964 less than a quarter of its export earnings came from machinery, equipment, and consumer goods; this compared with more than a fifth a decade earlier. And this small shift appears to have resulted from the drastic decline in grain exports in 1964 rather than from any basic change in the normal or usual trading patterns. Thus, despite the rapid growth of its industrial sector and the many difficulties that it has had in agriculture, the Soviet Union still has to rely upon raw materials and agricultural products for foreign exchange earnings.

If we accept the assumption that Eastern countries will import basic foodstuffs that can be produced within the area only out of quite extreme necessity, future trade will depend largely upon their growth in output.

Are Soviet farm goals achievable?

The Soviet Union has recently announced its Five Year Plan for 1966-70. The goal for total farm output is a 1966-70 output 25 percent greater than 1961-65 output. It is most unlikely that this goal will be achieved. The total agricultural output objective of none of the Five Year Plans has been achieved since the beginning of the plan periods more than 35 years ago.

But the fact that plans have been unrealistic and achievements quite modest should not lead to the conclusion that farm output increases cannot be achieved. Even modest increases in grain output can have a marked effect upon the amount and direction of trade in grain. It is not necessary that the unrealistic goals of the current Five Year Plan be achieved for the Soviet Union to again export 5 million to 7 million tons of grain.

The new leadership has introduced a number of important changes in agricultural policy, though there is as yet no evidence that great consequences will result.

Procurement prices have been substantially increased, but this is only an extension of the trend of the previous decade. Farms are to be given greater freedom to manage their own affairs, but this was supposed to have occurred in 1956; will it now happen? Only time will tell.

Taxes on collective farms have been revised and reduced; the revision took the form of replacing a gross income tax with a net income tax. Fertilizer deliveries are to be increased. More machinery is to be produced and it is to be priced more reasonably.

The total state productive investment is to expand to

double the 1961-65 average during the last half of the decade. The 1966 plan seems to be consistent with a total state investment of $45.5 billion for 1966-70.

Under Stalin the Soviet peasant was exploited mercilessly. In 1952, for example, the procurement price for wheat was less than one new ruble (US$1.11) per centner or about 30 cents per bushel. The procurement price for beef was less than a kopek ($0.01) per pound and for hogs about three kopeks per pound. Only the industrial crops—cotton, sugar, and tobacco—were paid for at prices approaching or exceeding international levels.

Major price changes occurred in 1953, 1956, 1958, 1962, and again in 1965. The changes since 1958 have been especially important for livestock prices, but grain prices have been increased as well.

Soviet grain and livestock prices high

Soviet grain prices now exceed world prices; the procurement price of wheat in the lowest price region (the Ukraine) is about $2.31 per bushel and in the highest, $3.93 per bushel. In addition, deliveries of wheat and rye in excess of required procurement levels will be paid for at 1.5 times these prices. The new price for rice is $333 per ton or about three times the U.S. price for rice.

The new procurement prices for livestock are undoubtedly the highest farm prices for livestock in the world. The collective farms are receiving $1,199 to $1,499 per ton for cattle, $1,804 to $2,359 for bacon-type hogs and $647 to $1,000 for sheep. At the official rate of exchange, the lowest price for bacon-type hogs is almost $82 per hundredweight. Even if the official rate of exchange overvalues the ruble by 10 to 20 percent, this means a price of about $70 per hundredweight. While we are not certain of the new corn price, it appears that a hog-corn price ratio of about 25-30 to one is being assured. Milk prices range from $6 to $9 per hundredweight even though much of the milk is used for the production of butter and manufactured dairy products.

If Soviet industry actually delivers the increased machinery, fertilizer, and other production requisites called for in the new Five Year Plan, the level of farm prices should not constitute a barrier to output expansion. The barrier to output expansion would have to be found in the general inefficiency of the socialized farm sector.

Price level may spur output

But the present level of prices is so high relative to anything experienced before that some positive output reaction may be forthcoming despite the many inefficiencies that exist. Once before, in 1953, a major increase in incentives, even though it left returns at a low level, resulted in a significant increase in farm production.

During 1958-65, estimates made by the U.S. Department of Agriculture indicate that the Soviet Union produced about 830 million tons of grain (including pulses). During that period, it had approximately 30 million tons of net exports; grain stocks declined, and by the end of the period were at very low levels.

If grain output were to continue at the average level of the past 8 years of about 105 million tons, it is clear that the Soviet Union would have little grain, if any, to export. In fact, if grain output remained at this level it could only be viewed as a catastrophe by Soviet officials. Not only would an important source of foreign exchange disappear, but the Soviet Union would probably have to import grain from the West to meet its commitments to Eastern Europe. In addition, livestock output would stagnate except as improvements in feeding efficiency occurred. These facts and conclusions undoubtedly go far to explain the major policy changes of the past 18 months.

In recent years the harvested area of wheat and rye has been approximately 200 million acres; the total area of grain (including pulses but excluding corn harvested green) has been approximately 300 million acres. Thus an increase or decrease in yield of one 60-pound bushel per acre means a difference in gross output of more than 8 million tons. In terms of 60-pound bushels the average yield of grains in recent years has been about 12.8 bushels; in 1964 the average was 14.5 bushels.

Even the 1964 yield was a low one compared to any reasonable potential for the Soviet Union. It may be noted that until 1964 little fertilizer was used on grain crops. While there are major regions of the Soviet Union where fertilizer will have little effect upon grain yields, at least 100 million acres of grain land would respond to fertilizer. The virtual elimination of fallow in dry areas has undoubtedly had adverse effects.

There is some evidence that seeding rates have gone to astronomical levels—three to four bushels per acre—for the small grains in many regions. If this is true, more rational use of seed could save several million tons of seed grain each year and result in higher harvested yields as well. An increase in the number of combines, which is planned for the next 5 years, could reduce the period required for the harvest from a month to perhaps half that long and increase available output.

This is only a partial list of things that might be done to increase grain production. There is, of course, no guarantee that the new leadership will do any better than the previous ones. However, we should make our plans on the assumption that it is likely to do so.

1964-level output could produce exports

If grain yield can be increased to the 1964 level and then increase gradually thereafter, the Soviet Union could meet its domestic requirements and export at least 6 million tons annually. If at the same time it was able to rationalize its livestock production and reduce its feed-output ratio to a level 50 percent above that achieved in the United States—instead of double the U.S. ratio—livestock production could be increased significantly.

One of the reasons for the high feed-output ratio has been bad planning. Great emphasis has been put upon the size of livestock herds in establishing plan goals and in the plans for individual farms. Since at least 1960, livestock herds have been too large for the available feed supply and feeding efficiency has deteriorated.

I can only note some of the trade policy issues that are involved if East-West trade in farm products were to increase. We do not now give most-favored-nation treatment to the Soviet Union and Eastern Europe, except for Poland and Yugoslavia. This means that imports from these countries must pay the import duties specified in the Tariff Act of 1930.

We absolutely prohibit the importation of such Soviet furs as ermine, fox, marten, mink, and muskrat. A 1959 law prohibits the import of school laboratory equipment from Communist countries. And as former Secretary of

Commerce Luther Hodges pointed out before the Committee on Foreign Relations we even have "a statute which prohibits bamboo pipestems produced in the USSR or any country dominated by the world Communist movement from being admitted into the United States duty free."

We have export controls which require obtaining export licenses. The Johnson Act prohibits private loans, except short-term commercial, to most Communist countries.

Many people are also aware of the special problems created by the requirement that half of all grains shipped to the Soviet Union and wheat to other East European countries must move in American bottoms.

Lack of foreign exchange limits trade

If East European countries could obtain the foreign exchange, I believe that they would trade more with the West. There is increasing evidence that these countries would like to reduce their dependence upon the Soviet Union. One way of achieving this reduction is to expand trade with other countries. Between 1953 and 1963 exports and imports from OECD countries to Soviet-oriented countries more than trebled—from about $500 million to $1,600 million. The real value of this trade, however, is still below what prevailed in 1938.

Changes in the organization of the economies within the East European countries—a move toward decreasing dependence upon central plans—will operate to expand trade.

Each of the nations is having difficulty in expanding its agricultural output. Yet I doubt if the prospects for expanded imports of agricultural products from the United States are especially bright. It is true that in the current year we will export almost a million tons of feed grains to the area, but this is due to Soviet failure to provide them and to some shortfall in its crops.

However, if the United States would eliminate its major barrier to their exports to us—the failure to provide MFN treatment except to Poland and Yugoslavia—the flow of trade would undoubtedly increase. But only part of the trade would be in agricultural products. While the expansion of such trade would almost certainly yield both economic and political benefits, its effect upon the prices of U.S. farm products would hardly be noticed.

U.S. Feed Grains Team Sees Possibilities of Further Czech Imports

Czechoslovakia's exceptionally heavy rainfall in the summer of 1965 has been followed during the current grain marketing year by exceptionally heavy imports of feed grains—including over 500,000 tons of U.S. corn, grain sorghum, and barley. The question U.S. grain exporters have been asking themselves is whether this import pattern will continue in years of less adverse weather than 1965.

This spring, seeking an answer to that question, a four-man U.S. team surveyed Czechoslovakia's feed utilization patterns and policies in the first market development visit made to that country. What they learned there led them to believe that the current imports could mark the start of a regular Czech-U.S. commerce in feed grains—if problems of financing and transport could be solved.

Scope of the inquiry

Members of the team—whose visit was sponsored by the U.S. Feed Grains Council in cooperation with the Foreign Agricultural Service—were USFGC's President, James Forster; its Executive Vice President, Clarence D. Palmby; its European director, Allen Golberg; and Robert Ramsay, Continental Grain Co., Paris.

In its report, the team stressed that time did not permit an exhaustive survey, nor could it independently document or analyze the material it received. Yet it feels there is value in presenting to interested persons in the United States the opinions and information that it gathered from agricultural officials during its visit to Czechoslovakia.

The team interviewed and visited representatives of several government departments or organizations responsible for agriculture and related undertakings. These were: The *State Planning Commission*, an interdepartmental body charged with planning the nation's economy; the *Central Purchasing Organization*, responsible for purchasing, distributing, handling, and storing agricultural commodities (both domestic and imported) within the boundaries of the country; the *Ministries of Foreign Trade and Agriculture; Koospol*, responsible for importing and exporting all agricultural commodities and foodstuffs; and the *Commercial Bank* (a division of the State Bank), which handles all financial matters in connection with agricultural imports and exports.

Czechoslovakia manufactured 2.6 million tons of feed last year; 1.5 million metric tons of the ingredients used were produced domestically, and 1.1 million imported. There are at present 300 feed mills of varying sizes and types in the country, plus 12 alfalfa-dehydrating plants. By 1970, officials expect to have replaced or closed many of the 300 that are old or inefficient, so that there will then be 164 modern mills in operation.

Also by 1970, the Central Purchasing Organization expects to have erected 200 grain silos—presumably at strategic locations throughout the country—with a capacity of 21,000 metric tons each. Expected to be operable too are three mineral component plants for the manufacture of feed ingredients, as well as 190 drying plants to be used primarily for drying milk and potatoes.

Visits to broiler farm, hog farm

The U.S. team visited Czechoslovakia's most modern poultry production unit, whose manager stated it was supplying 1½ million broilers a year for Prague. It is an integrated operation: the meat-strain chicks are incubated on the farm from hatching eggs produced on other farms nearby. The broilers are slaughtered, eviscerated, and packaged in a facility next to the 4-story production building used for starting, growing, and fininishing. Pan-ready whole birds of approximately 40 ounces are produced in about 65 days.

Feed conversion rate was stated as 2.6, and cost of production, about 32 cents per pound. Ration breakdown was stated as follows: Corn 40 percent, wheat 14.7, fish meal 10, peanut meal 8, soybean meal 8, blood meal 5, grain germ 4, dry yeast 3, alfalfa meal 3, dry skim milk 2, vitamin complex mix 1, minerals 1, salt 0.3.

Grain sorghum, not at present used on this farm, is being fed to poultry elsewhere in Czechoslovakia.

Also visited was a hog-feeding farm with a 15,000-head

capacity. This operation does not have farrowing facilities, but acquires its pigs from farrowing and starting farms and feeds them to 250 pounds or more. Its annual output was reported to be more than 30,000 hogs.

Concrete slat floors are used in all pens on this farm; the waste-disposal system is automatic and excellent.

Feed is mixed in a small plant nearby and delivered in bulk to overhead supply bins in the hog houses, where it is conveyed by glass tubes to self-feeders in each pen.

A feed conversion rate of 4.3 is being attained, the team was told—remarkably good when one considers the amount of feed necessary for body maintenance of heavyweight hogs. Rations stress wheat and barley for the smaller pigs, shifting to corn and sorghum at heavier weights. Breakdown for weights over 175 pounds was given as follows: Corn 30 percent, sorghum 30, barley 12.7, wheat 10, protein concentrate 6, rye 5, feed meal 5, minerals 1, salt 0.3.

A rather high percentage of the finished or "overfinished" hogs could be classified as "lardy," but all were exceptionally healthy, thrifty, and contented.

Impediments to trade

Officials stressed that Czechoslovakia's future purchases of U.S. feed grains would be limited by its ability to generate hard currencies. Part of its problem is that it is not accorded most-favored-nation treatment under U.S. trade policy.

Being landlocked, Czechoslovakia must use the seaports of neighbors. So far, it has channeled its grain purchases through the West German ports of Hamburg, Bremen, and Brake. This has posed logistical problems and increased the costs of vessel demurrage at discharge, of handling, of storage, and of inland transportation.

Transportation to interior points in Czechoslovakia is awkward. The grain moves from the seaports both by barge and by rail, mostly the latter. Equipment is not always readily available, and so the merchandise must be stored at the port of discharge, thereby creating additional handling and storage charges and limiting the size of cargoes. In addition, the West German Government appears to have increased its tariff rates to Czechoslovakia. All these factors contribute to higher costs of imported feed grains within Czechoslovakia.

Despite the impediments, several circumstances favor the growth of this trade. The Czechs have come to know a new feed ingredient, grain sorghum; they appreciate the meaning and value of high-energy corn; and those responsible for formulation and feeding are eager for the latest information on livestock and poultry management.

Further, Czechoslovakia's stated policy of increasing domestic production of animal protein is related to projections of increased feed output. Plans call for stepping up production of poultry—particularly broilers—and swine and there are indications that the necessary capital will be invested. To support the livestock increase, present feed output of 2.6 million tons—1.5 million from domestic production, 1.1 million from imported feedstuffs—is projected to increase to 5 million, or nearly double, by 1970. Import requirements will then be about 2 million tons.

Czechoslovakia will obviously give import preference to grain and other feedstuffs available for export from the USSR and the Eastern European countries. On the other hand, if Czechslovakia's goals are typical of food policies to be followed in that area of the world, the other countries of Central and Eastern Europe too will be expanding their demand for feedstuffs. This increased pressure upon Eastern Europe's own feed-grain supplies might increase opportunities for U.S. grains in Czechoslovakia.

New Iranian Import Tax To Affect Growing U.S. Vegetable Oil Trade

Iran's recent increase in import duties for vegetable oils—a move to protect the country's domestic oilseed producers—is expected to all but halt expansion of the top U.S. dollar market for cottonseed and soybean oils.

Iran has added a tax of about 3 cents per pound of imported vegetable oil, or 20 percent ad valorem, effective March 21, 1966. The new duty applies to imports above the 1964-65 level of 50,045 metric tons, and is additional to the previous 3-cent tax for cottonseed and soybean oil.

Despite the higher duty, Iran's purchases of U.S. vegetable oils—comprising 96 percent of the country's foreign supply—are expected to continue. For the next 5 years they may even exceed the 1964-65 level. Likely to drop, however, is the annual expansion rate of U.S. commercial exports which in 1965 was about 20 percent. In 1965, U.S. trade in cottonseed oil and soybean oil at $15.5 million was worth 2½ times that of 1962.

Rapid increases in oil imports reflect Iran's equally fast-rising consumer demand. Only 35 percent of this demand is satisfied by the local vegetable oil industry, and, as a result, 12 Iranian vegetable oil companies have formed a cooperative to promote domestic oilseed production, with a long-term goal of eventual self-sufficiency. Over the next 5 years, these companies are to provide $6.6 million, matched by Iran's Ministry of Economy.

Some problems are anticipated before Iran's transition to self-sufficiency in vegetable oils is to be realized. A major hindrance will be Iran's vegetable oil industry itself, now largely oriented to the refining and hardening of imported crude oil. Some expansion will be needed to provide crushing facilities adequate to handle the projected increases in production and demand. —W. J. Mills

Fats and Oils Division, FAS

U.S. SOYBEAN, COTTONSEED OIL EXPORTS TO IRAN

Commodity and classification	1962	1963	1964	1965
	1,000 U.S. dol.	*1,000 U.S. dol.*	*1,000 U.S. dol.*	*1,000 U.S. dol.*
Soybean oil:				
Crude	—	196	563	349
Refined	4,225	3,547	6,447	9,366
Refined and further processed	130	470	1,693	91
Donated for relief	(1)	(1)	(1)	51
Total	4,355	4,213	8,703	9,857
Cottonseed oil:				
Crude	78	—	16	—
Refined	2,284	3,052	4,547	5,539
Refined and further processed	4	6	24	44
Donated for relief	(1)	(1)	(1)	88
Total	2,366	3,058	4,587	5,671
Grand total	6,721	7,271	13,290	15,528

[1] Donations not reported separately by Bureau of Census.

Canada More Than Doubles Its Food Aid to Developing Countries

Canada's budget for its 1966-67 fiscal year allocates a total of $75 million for food aid to developing countries —$30 million in the main estimate, $45 million as a supplement. This is more than double the previous year's allotment. Most of the increase, like the supplements furnished in the past 2 years, is earmarked for Indian emergency requirements, enabling Canada to supply India with a million tons of wheat and flour.

A major food producer, Canada is participating in the collective attempt of the industrialized nations to correct the imbalance in the world's food supply. Its aid program in 1966-67 will include contributions in kind to the World Food Program, the United Nations program for Palestine refugees, and traditional recipient countries such as Pakistan and Ceylon. The Canadian Government also intends to supply food aid to Ghana in answer to an appeal for assistance by that country's new government.

Trend points upward

Canada has been providing food as part of its international assistance program for a number of years, but allotments for food aid were not separated from those for other economic and technical aid until 1964. In 1964-65, $15 million was allocated for food aid and later increased to $22 million, while the 1965-66 allotment of $20 million was subsequently raised to $35 million. The supplementary funds were provided to meet Indian emergencies.

India has received the largest proportion of Canadian food assistance, ranging from $7 million in wheat in 1960-61 to double that amount in 1964-65 and $25 million in 1965-66. Between 1960 and 1966, Pakistan received a total of $16,450,000 in Canadian food aid. Most of this was wheat, although small quantities of flour, milk powder, and dried peas were included.

From April 1, 1961, to March 31 of this year, Canada provided a total of $139,752,000 in food, mainly wheat and flour, to the Colombo Plan area on a bilateral basis. In the same period, more than $14 million was made available to multilateral agencies like the United Nations Childrens Fund, the World Food Program, and the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA).

The manner in which Canada extends its food aid has contributed to the economic development of recipient countries. By agreement, a recipient country establishes a counterpart fund of its own currency equivalent to the value of the agricultural commodity received. With Canada's approval, these funds are then used to meet local costs on capital projects of a development nature.

Aid other than food

Aside from direct food aid, Canada's contributions to furthering agricultural production in developing nations in 1965-66 included $650,000 to Ghana for irrigation and land reclamation projects; $150,000 to Ceylon, $889,000 to Pakistan, and $3,500,000 to India for fertilizers; $1 million to Malaysia for a resources survey; and $1,260,000 to Ecuador for river basin development. Irrigation, flood control, land reclamation, and rural electrification have also been involved in hydroelectric projects with which Canada has been associated.

Other agricultural aid has been in the form of fishing vessels, farm machinery, pesticides, food-storage warehouses and refrigeration units, and equipment and aircraft for crop spraying. In the line of technical assistance, Canada has sent agricultural advisers to developing countries and has trained students from these countries in its agricultural schools and colleges. In addition, Canadian contributions to the International Bank for Reconstruction and Development and to regional development banks have helped in establishing many long-range agricultural programs in the countries they serve.

Spain Sets Up Minimum Cotton Prices

The Spanish Government recently decreed a schedule of minimum prices for lint cotton from the 1966-67 crop.

Under the new legislation, growers will be eligible for the first time for payment on the basis of lint outturn. Heretofore, payment has been made on seed cotton; however, producers may continue to sell on a seed basis if they choose. Minimum prices for the 1966-67 crop will range from 50.70 pesetas per kilo (38.32 U.S. cents per lb.) of lint for Middling 15/16 inch to 54.05 pesetas per kilo (40.85 U.S. cents per lb.) for Middling 1⅛ inches cotton.

The 1965-66 crop, while larger than the previous year's, contained a preponderance of short, low-grade cotton. To meet domestic and foreign textile requirements, Spain has had to increase imports of raw cotton. In August-January 1965-66, imports totaled 70,000 bales, compared with 64,000 in the same months a year earlier. Turkey and Brazil supplied nearly 60 percent of the total.

Since January, Spain has authorized the importation of 183,000 bales of cotton. Of this, 78,000 bales are on a global basis, while the remainder is restricted to countries, like Mexico and Syria, with which Spain has outstanding trade balances.

The Spanish Government recently modified the tariff schedule on raw cotton. After April 14, 1966, the duty of 18 percent plus 9.20 pesetas per kilogram applies to the net rather than the gross weight.

Canada's Livestock Industry Studied

Livestock and meat production is one of the most important segments of Canada's overall agricultural economy. Also, Canada and the United States are active trading partners in practically all products of the livestock industry, and these move across the border with a minimum of restraints.

Because of the importance of this trade to both countries a study has been made entitled *Canada Meat and Livestock Industry*, FAS M-176. This publication may be obtained without charge from the Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250.

U.K. Lard Imports Pick Up in March

Lard imports into the United Kingdom in March, at 44 million pounds, recovered somewhat from the low levels of January and February. Nevertheless, total imports for the 3 months were 15 percent smaller than the total at the end of the first quarter of 1965.

The U.S. share of the market remained unusually low, while some European countries, including Poland and Romania, have either increased their shipments over last year or entered the market this year.

According to trade reports, arrivals from the United States in April and May continued well below the average of recent years.

U.K. IMPORTS OF LARD

Country of origin	January-March			
	1965		1966	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	83,235	70.3	32,688	32.7
Belgium	18,604	15.7	18,306	18.3
Italy	237	.2	9,648	9.7
Poland	—	—	8,695	8.7
Denmark	5,154	4.4	6,862	6.9
France	5,265	4.5	6,159	6.2
Netherlands	2,403	2.0	5,529	5.5
Romania	—	—	3,920	3.9
Germany, West	1,433	1.2	2,887	2.9
Switzerland	110	.1	1,821	1.8
Sweden	1,770	1.5	1,227	1.2
Others	137	.1	2,177	2.2
Total	118,348	100.0	99,919	100.0

Henry A. Lane & Co., Ltd., London, England.

Yugoslavia's Cotton Imports Well Maintained

Imports of raw cotton into Yugoslavia in July-March 1965-66 amounted to 362,680 bales (480 lb. net).

During this period, the United States was the largest supplier, with 143,000 bales or 40 percent of the total. An additional Title IV agreement concluded recently provides for about 137,000 bales of U.S. Upland cotton. However, purchase authorizations for only 50,000 bales have been issued to date.

Other principal suppliers were Greece, Egypt, Chad, and Nigeria. Imports in the complete 1965-66 fiscal year are expected to total about 400,000 bales.

Cotton production in Yugoslavia in 1965-66 was only 10,000 bales. Last December, the Yugoslav Government announced that purchase prices for the 1966-67 crop would be the same as in the current season. For Class I cotton, the purchase price was the equivalent of about 30 U.S. cents per pound of lint.

Consumption of cotton during the current season (August-July) is running slightly above the rate of a year ago when about 400,000 bales were used. Consumption in 1966-67 may increase further. Plans for modernization of some mills are being made, while other spinning mills are integrating with larger firms. A limiting factor in the expansion of mill facilities is the availability of foreign exchange for importing additional raw cotton. Spindles in operation this year are estimated at 840,000, compared with 800,000 last year, 700,000 in 1964, 600,000 in 1963, 400,000 in 1962, and 350,000 in 1952.

Ghana Announces Cocoa Producer Prices

The Ghana Cocoa Marketing Board has announced that the price paid to farmers for Grades 1 and 2 of 1966 midcrop and 1966-67 maincrop cocoa would remain unchanged from the 1965-66 price of 40 shillings per 60 pounds (9.33 cents per pound). However, a bonus of 30 shillings per long ton (0.187 cents per pound) will be paid to farmers at the close of each season.

The Board noted that the announced grower-prices were still of an interim nature pending recommendations by the De Graft Johnson Committee on the purchasing of cocoa.

Freeze Damages Iranian Almond Crop

A cold snap in March caused significant damage to almond crops in Azerbaijan, Isfahan, and Khorasan when the almond trees were in bloom. The exact extent of the loss is not known, but the crop has been sharply reduced.

Iranian trade sources reported that production of shelled almonds for 1966-67 will not exceed 600 short tons, but a more realistic view is that it may reach 2,500 tons. This would still be a sharp drop from last year's 7,700-ton crop and the 1959-63 average of 7,300 tons. April wholesale prices were still below their April 1965 levels, tending to support the higher crop estimate.

Malay, Singapore Exports of Coconut Products

Net exports of copra and coconut oil from the Malay States during January-March 1966 were 5,565 long tons, oil basis, against only 131 tons in the comparable period last year.

In the same months Singapore's net exports totaled 1,687 tons, oil basis, compared with net imports of 2,120 tons in the first quarter of 1965.

MALAY, SINGAPORE TRADE IN COPRA, COCONUT OIL, JANUARY-MARCH[1]

Item	1965		1966	
	Imports	Exports	Imports	Exports
	Long tons	*Long tons*	*Long tons*	*Long tons*
Malay States:				
Copra	—	174	594	3,372
Coconut oil	104	124	—	3,787
Total, oil equivalent	104	235	380	5,945
Net exports or imports	—	131	—	5,565
Singapore:				
Copra	6,719	—	6,600	664
Coconut oil	1,830	4,010	408	5,894
Total, oil equivalent	6,130	4,010	4,632	6,319
Net exports or imports	2,120	—	—	1,687

[1]Excluding trade between the two territories.
Compiled from official sources.

U.S. Exports of Soybeans and Products

April exports of *soybeans* from the United States, at 20.2 million bushels, declined from the 21.6 million exported in March. Cumulative exports through April of the

1965-66 marketing year beginning September 1 were 37.2 million bushels or one-fourth above exports in the corresponding 7 months of 1964-65. The gain continues to reflect sharply increased movements to Japan, Spain, West Germany, and the Netherlands.

U.S. EXPORTS OF SOYBEANS, EDIBLE OILS, AND OILSEED CAKES AND MEALS

Item and country of destination	Unit	April		Sept.-April	
		1965	1966[1]	1964-65[1]	1965-66[1]
SOYBEANS					
Japan	Mil. bu.	3.7	5.0	32.3	42.6
Netherlands	do.	2.0	3.2	21.9	27.2
Germany, West	do.	2.5	2.2	17.7	24.1
Canada	do.	1.4	3.1	18.2	18.4
Italy	do.	1.3	1.0	7.9	14.0
Spain	do.	1.2	1.7	5.4	12.7
Others	do.	5.5	4.0	45.7	47.3
Total	do.	17.6	20.2	149.1	186.3
Oil equiv.	Mil. lb.	193.1	222.0	1,637.4	2,045.6
Meal equiv.	1,000 tons	413.3	475.1	3,504.4	4,378.1
EDIBLE OILS		April		Oct.-April	
		1965[1]	1966[1]	1964-65[1]	1965-66[1]
Soybean:[2]					
Pakistan	Mil. lb.	40.0	—	132.6	100.0
Iran	do.	5.2	10.6	44.3	79.5
Yugoslavia	do.	—	—	1.1	40.2
Greece	do.	—	—	51.4	23.8
Burma	do.	—	—	—	18.2
Canada	do.	3.0	3.2	21.8	16.7
Tunisia	do.	12.3	—	24.4	16.4
Others	do.	31.2	19.4	489.7	110.6
Total	do.	91.7	33.2	765.3	405.4
Foreign donations[3]	do.	14.3	14.6	[4]22.0	110.6
Total soybean	do.	106.0	47.8	787.3	516.0
Cottonseed:[3]					
Germany, West	do.	9.7	—	113.9	49.9
Canada	do.	3.0	2.7	25.6	33.2
Egypt	do.	1.7	—	26.7	22.8
Pakistan	do.	1.9	([5])	10.1	21.7
Venezuela	do.	1.8	2.1	14.6	18.4
Mexico	do.	([5])	—	([5])	15.4
Morocco	do.	1.6	—	16.9	15.1
Others	do.	14.4	6.0	131.1	46.6
Total	do.	34.1	10.8	338.9	223.1
Foreign donations[3]	do.	11.0	.4	[4]72.3	1.2
Total cottonseed	do.	45.1	11.2	411.2	224.3
Total oils	do.	151.1	59.0	1,198.5	740.3
CAKES AND MEALS					
Soybean:					
Germany, West	1,000 tons	31.1	37.2	192.6	319.7
France	do.	17.8	37.3	206.8	293.6
Netherlands	do.	8.8	32.3	174.9	212.2
Canada	do.	16.9	14.7	143.9	134.2
Italy	do.	15.2	.1	104.6	116.5
Belgium	do.	8.0	15.0	109.1	110.0
Spain	do.	3.8	29.1	51.3	104.7
Denmark	do.	8.8	18.3	94.7	101.7
United Kingdom	do.	5.7	16.0	19.8	81.5
Others	do.	55.3	34.0	277.1	290.1
Total	do.	171.4	234.0	1,374.8	1,764.2
Cottonseed	do.	9.3	10.5	86.7	96.9
Linseed	do.	.2	2.2	28.9	52.1
Total cakes and meals[6]	do.	183.4	249.8	1,500.3	1,934.3

[1]Preliminary. [2]Includes Titles I, II, III, and IV of PL-480, except soybean and cottonseed oils contained in shortening under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by Census. [3]Title III, PL-480. [4]Otcober-December 1964 estimated by USDA, includes salad oil and oil in shortening. [5]Less than 50,000 pounds. [6]Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

Exports of *edible oils* in April, at only 59.0 million pounds, were sharply below the 108.9 million exported in March and less than two-fifths those of April 1965. Cumulative exports in the October-April period of 1965-66 continue more than one-third below those in the like period a year earlier. A large share of the decline resulted from no takings of oil as such by Spain and reduced takings by West Germany.

April exports of *cake and meal* increased to 249,800 short tons, 10,300 tons above the tonnage exported in March. Exports for the 7-month period through April exceeded 1.9 million tons—nearly 30 percent above those of October-April 1964-65. About half the increase is indicated to have moved to West Germany and France.

Denmark's Oilseed Supply Up in 1965

Denmark's supply of oilseeds in 1965 was 595,973 metric tons, 5 percent above 1964. Domestic production, largely rapeseed and mustardseed, declined by 4 percent to 53,760 tons; imports of oilseeds and copra rose considerably.

Mustardseed production, most of which is exported, rose to 7,715 tons, nearly double the previous year's output. Production of rapeseed, at 45,806 tons, was 10 percent less than a year earlier. Although the Danish margarine industry is obligated to buy from growers the equivalent of 10 percent of total fats used in production, no rapeseed oil has been used for margarine production. Rather, the margarine industry has exported the seed. Since the industry is required to buy at fixed producer prices, it has suffered a considerable loss.

Production of flaxseed, used for cattle feed, is negligible, with imports totaling about 10,000 tons. Consumption of flaxseed reportedly is increasing rapidly, providing a prospective growing market for U.S. exporters.

The bulk of Denmark's crushing requirements is supplied by imports, largely soybeans. In 1965 soybean imports totaled 404,150 tons, 8 percent above 1964 tonnage. Imports from the United States increased by 56,976 tons to 402,880, while those from Mainland China decreased from 26,726 tons in 1964 to 1,265 last year.

Stocks of oilseeds decreased by 3,714 tons during 1965 and were about 56,000 tons at the end of the year. They hit a record low during the first quarter of 1966—just before supplies from the new crop were available. Stocks of soybeans were still low in mid-April as prices were expected to decline.

Present prospects for domestic oilseed production this year are for a further increase in mustardseed, as contracted areas are nearly double last year's. However, a decline in rapeseed production is expected because of reduced acreage.

Discussions are underway concerning the renewal in 1967 of the rapeseed price scheme adopted in the spring of 1965 and left unchanged this year. Rapeseed growers contend that the 10 percent obligatory purchase of domestically grown seed by the margarine industry should be increased to 30 percent. The margarine industry is opposed to this because it does not consider rapeseed oil appropriate for margarine production and, therefore, exports rapeseed at a loss.

Production of crude edible vegetable oil increased to 111,000 tons in 1965, 12 percent above the previous year's

output. The increase corresponds to the expanded capacity of the country's two oilmills. While capacity was not fully utilized in 1965, expansion is progressing as consumption of oils, as well as of oilseed cake and meal, is expected to increase. (Output of meal is expected to rise even more than that of oil because of growing demand in the livestock industry.) While the margarine industry is the major consumer of refined edible oils, the increase in oil consumption is due to increasing requirements for other purposes, mainly cooking.

Imports of crude vegetable oils are negligible and soybean oil is the only export item of significance. In 1965 33,794 tons of crude soybean oil were exported, compared with 36,325 tons in 1964. Exports of refined soybean oil increased from 6,793 tons in 1964 to 7,487 in 1965, while exports of hardened soybean oil rose from 117 to 192 tons.

Denmark's exports of soybean oil go largely to the Netherlands, Sweden, the United Kingdom, West Germany, and other European countries.

West Germany Uses More Leaf Tobacco

Usings of leaf tobacco by manufacturers in West Germany and West Berlin during 1965 totaled 299.5 million pounds, up 4.5 percent from the 1964 level of 286.6 million. Continued larger usings in the production of cigarettes more than offset declines for other products.

Leaf used in the production of cigarettes totaled 224.0 million pounds, compared with 208.8 million in 1964 and 197.9 million in 1963, and accounted for 74.8 percent of total usings, compared with 72.9 percent in 1964 and 72.4 percent in 1963. Leaf used in production of cigars dropped to 58.1 million pounds from 58.6 million in 1964, while that used in smoking mixtures declined to 17.1 million pounds from 18.9 million.

WEST GERMAN USINGS OF MANUFACTURED TOBACCO BY PRODUCT[1]

Product	1963	1964	1965[2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Cigarettes	197,913	208,829	224,045
Cigars	57,011	58,598	58,052
Smoking mixtures	17,970	18,862	17,125
Chewing tobacco	189	168	143
Snuff	126	101	134
Total	273,209	286,558	299,499

[1] Includes West Berlin. [2] Preliminary; subject to revision.

Usings of U.S. leaf in 1965 totaled a record 90.1 million pounds and accounted for 30.1 percent of total usings, compared with 85.8 million pounds and 29.3 percent in 1964. Flue-cured represented almost 83 percent of the total, followed by burley with 13 percent, cigar-type tobaccos with 2 percent; Maryland 1.4 percent, and Kentucky 0.6 percent.

Usings of oriental leaf rose to 74.5 million pounds from 69.2 million in 1964. Larger usings of Greek tobaccos accounted for the increase and more than offset reductions in use of Turkish and Bulgaria tobaccos. As a portion of total usings, oriental leaf represented 24.9 percent in 1965, compared with 24.1 percent in 1964 and 25.2 percent in 1963. Greek tobaccos alone last year accounted for almost 60 percent of this category.

Use of Latin American leaf, at 22.3 million pounds, was slightly under the 1964 level of 22.4 million. Reduced usings of Dominican leaf offset the slight gains recorded for Brazilian, Colombian, and Mexican tobaccos. This category excludes tobaccos from Argentina and Paraguay.

Use of other foreign imported tobaccos last year rose to 82.8 million pounds from 79.2 million the previous year. Use of Rhodesian leaf totaled 28.5 million pounds, compared with 23.0 million in 1964 and 20.4 million in 1963. Other countries showing gains over 1964 included Japan, the Philippines, Paraguay, and Argentina, while usings of leaf from Indonesia, Italy, and Canada declined.

Use of domestic leaf continued downward through 1965 and amounted to 19.7 million pounds, compared with 20.5 million in 1964. Combined use of blended filler and homogenized leaf totaled 10.1 million pounds, up 6.3 percent from the 1964 figure of 9.5 million.

Stocks of unmanufactured tobacco held by manufacturers and dealers on December 31, 1965, totaled 350.1 million pounds, compared with 346.3 million on the same date in 1964. Stocks of tobaccos from Greece, Bulgaria, Colombia, Mexico, Japan, and Rhodesia were up from 1964 while those from the United States, Brazil, the Dominican Republic, Indonesia, Italy and Canada were down.

Stocks of Rhodesian tobaccos totaled 43.1 million pounds on December 31, 1965, compared with 37.3 million held on the same date in 1964, and were equivalent to about an 18-month supply. Stocks of U.S. tobaccos totaled 67.4 million pounds, compared with 73.3 million in 1964 and 77.0 in 1963, and were equivalent to slightly under a 9-month supply based on 1965 usings.

WEST GERMAN USINGS OF UNMANUFACTURED TOBACCO BY TYPE OF LEAF[1]

Type	1963	1964	1965[2]
	Million pounds	*Million pounds*	*Million pounds*
U.S. leaf	80.0	85.8	90.1
Oriental leaf:			
Greece	32.1	35.1	42.8
Turkey	17.0	12.8	11.5
Bulgaria	16.2	17.7	16.6
Yugolsvia	1.1	1.7	1.7
USSR	2.4	1.9	1.9
Sub-total	68.8	69.2	74.5
Exotic leaf:			
Brazil	(3)	10.5	10.9
Colombia	(3)	4.5	4.8
Dominican Republic	(3)	6.7	5.4
Cuba	(3)	.2	.3
Mexico	(3)	.5	.9
Sub-total	19.7	22.4	22.3
Other foreign leaf:			
Indonesia	7.4	7.2	6.7
Italy	15.7	14.2	9.6
Japan	8.4	9.3	9.5
Rhodesia	20.4	23.0	28.5
Canada	3.8	5.0	3.7
Philippines	3.7	3.5	4.7
Poland	.8	.8	.8
Paraguay	(4)	1.8	2.4
Argentina	(4)	2.8	3.8
Others	14.8	11.6	13.1
Sub-total	75.0	79.2	82.8
Domestic leaf	21.6	20.5	19.7
Blended filler	4.1	4.4	4.7
Homogenized leaf	4.0	5.1	5.4
Grand total	273.2	286.6	299.5

[1] Includes West Berlin. [2] Preliminary; subject to revision. [3] Breakdown by country not available. [4] Breakdown by country not available; if any, included in others.

Sweden's Cigarette Sales Up, Output Down

Cigarette sales in Sweden last year totaled a record 8,300 million pieces, 6.3 percent above the 1964 level of 7,810

million. (Sales of imported brands totaled about 850 million pieces, compared with almost 585 million in 1964. The United States and Switzerland are the principal suppliers.) Percentage changes in sales of other tobacco products were not significant.

Cigarette output last year, at 7,386 million pieces, was slightly below the 7,428 million produced in 1964. Production of the American-blended type continued to rise and represented 92.1 percent of total output, compared with 86.8 percent in 1964. Modified oriental-type brands accounted for most of the remainder. Output of filter-tipped brands continued upward and represented 38.3 percent of the total last year, compared with 28.0 percent in 1964.

U.S. Tobacco Exports in April

U.S. exports of unmanufactured tobacco in April 1966, at 23.2 million pounds, were little more than half the 42.5 million shipped out in April 1965. The export value was $20 million, compared with $34 million.

U. S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	April		January-April		Change from 1965
	1965	1966	1965	1966	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	32,247	16,042	72,033	87,699	+21.7
Burley	3,683	2,162	7,831	13,322	+70.1
Dark-fired Ky.-Tenn.	960	1,008	5,879	6,062	+ 3.1
Va. fire-cured[1]	626	460	1,852	2,321	+25.3
Maryland	684	519	1,701	2,384	+40.2
Green River	206	—	284	434	+52.8
One Sucker	46	11	57	53	— 7.0
Black Fat	297	71	945	1,024	+ 8.4
Cigar wrapper	545	365	1,175	1,841	+56.7
Cigar binder*	1,041	954	1,510	1,171	—23.5
Cigar filler	68	1	156	273	+75.0
Other	2,116	1,598	6,071	7,387	+21.7
Total	42,519	23,191	99,494	123,971	+24.6
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	34.0	20.0	75.8	103.9	+37.1

[1] Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	April		January-April		Change from 1965
	1965	1966	1965	1966	
					Percent
Cigars and cheroots *1,000 pieces*	3,778	5,757	13,026	21,665	+66.3
Cigarettes *Million pieces*	2,094	2,414	6,474	8,138	+25.7
Chewing and snuff *1,000 pounds*	19	38	82	178	+17.1
Smoking tobacco in pkgs. *1,000 pounds*	79	86	217	317	+46.1
Smoking tobacco in bulk *1,000 pounds*	1,162	1,138	3,469	3,664	+ 5.6
Total declared value *Million dollars*	11.0	12.6	33.9	42.5	+25.4

Bureau of the Census.

For the period July 1965 through April 1966, exports totaled 420.7 million pounds—up 2.1 percent from 412.1 million pounds for the first 10 months of fiscal 1965.

The value of tobacco-product exports in April 1966 was $12.6 million, compared with $11.0 million in April 1965. For the period January-April 1966, the total value of tobacco-product exports was $42.5 million against $33.9 million for the first 4 months of calendar 1965.

Colombia Expects Larger 1966 Tobacco Crop

The 1966 tobacco harvest in Colombia is placed at 92.6 million pounds from 56,800 acres, compared with the revised-downward 1965 harvest of 87.4 million pounds from 61,390 acres. Lower yields and adverse weather reduced the final 1965 outturn.

The harvest of light-type tobaccos—flue-cured and burley—is estimated at 2.5 million pounds, up slightly from the 2.4 million harvested last season. Production of cigar-type tobaccos is placed at 44.5 million pounds, compared with 36.6 million in 1965 and 45.6 million in 1964. Production of other dark air-cured kinds is forecast at 45.5 million pounds, down slightly from the 48.4 million produced in 1965 but slightly larger than the 43.4 million harvested in 1964.

Syria's Consumption of Cigarettes Increases

Syrian cigarette consumption last year totaled about 7.5 million pounds—up more than 10 percent from the 1964 level. Sales of cut tobacco for roll-your-own cigarettes also rose sharply from 2.6 million pounds in 1964 to nearly 3 million in 1965.

Most of the tobacco used in Syrian factories is locally grown oriental and semi-oriental. Of the approximately 11 million pounds of leaf used in 1965, imported leaf accounted for less than 10 percent.

Taiwan's Cigarette Output Up

Taiwan's cigarette output continued upward through 1965. Production last year set a new high of 13,665 million pieces, 6.1 percent above the 1964 level of 12,885 million. Production of smoking mixtures rose to 706,000 pounds from 654,000 pounds while cigars dropped to 286,000 pieces from 376,000 pieces for the previous year.

WORLD CROPS AND MARKETS INDEX

Cotton

12 Yugoslavia's Cotton Imports Well Maintained

Fats, Oilseeds, and Oils

12 Malay, Singapore Exports of Coconut Products
12 U.S. Exports of Soybeans and Products
13 Denmark's Oilseed Supply Up in 1965

Fruits, Vegetables, and Nuts

12 Freeze Damages Iranian Almond Crop

Livestock and Meat Products

12 U.K. Lard Imports Pick Up in March

Sugar, Fibers, and Tropical Products

12 Ghana Announces Cocoa Producer Prices

Tobacco

14 West Germany Uses More Leaf Tobacco
14 Sweden's Cigarette Sales Up, Output Down
15 U.S. Tobacco Exports in April
15 Colombia Expects Larger 1966 Tobacco Crop
15 Syria's Consumption of Cigarettes Increases
15 Taiwan's Cigarette Output Up

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

Highlights of the Agriculture and Trade of Denmark

Resources.—Denmark is a low lying, flat country covering 16,975 square miles, an area less than one-third the size of Iowa. About 70 percent of the total land area is used for agriculture. The Danish population numbers almost 5 million, of which about half are in the labor force. Half the Danish population reside in the Metropolitan area of Copenhagen. Gross national product (GNP) in 1964 was about $7 billion, or almost $1,500 per capita.

Agriculture.—Gross agricultural production in 1965 remained at about the level of 1964, which was 13 percent above the 1952-54 average. The value of total agricultural production in 1965 was $1.2 billion. Agriculture's share of GNP in recent years has been around 18 percent. Animal husbandry accounts for over four-fifths of the value of agricultural production. Pork comprises five-sixths of total meat output. Production of barley, Denmark's most important crop, was 4 million tons in 1965 —about three-fourths of the total grain harvest.

Food Situation.—Caloric intake per capita averages about 3,300 daily with 49 percent of calories from carbohydrates, 38 percent from fats, and 13 percent from proteins. The percentage of calories from carbohydrates has been decreasing, while that from fats has been increasing. The percentage of calories from protein has remained fairly constant. Per capita consumption of butter in Denmark is about double the West European average. Consumption of bread, groats, and meat has decreased slightly since 1959, while some increase has occurred in the consumption of fish, dairy products, eggs, poultry, sugar, and fruits and vegetables. Consumption of convenience and frozen foods is also increasing.

Foreign Trade.—The European Free Trade Association (EFTA) represents the largest market for Danish exports, taking about half of the total in 1964. The United Kingdom and West Germany are Denmark's major trading partners. Total Danish exports in 1964 were valued at $2.1 billion, of which almost half were agricultural products. Danish exports of livestock products have historically been an important source of foreign exchange, accounting for over four-fifths of agricultural exports in 1964. Exports of meat and meat preparations totaled $507 million in 1964, roughly half the value of total agricultural exports. About 60 percent of domestic output of dairy, meat, poultry, and eggs is exported. Imports totaled $2.6 billion in 1964, of which only one-sixth were agricultural products. Denmark's major agricultural imports are feeds, tobacco, citrus fruit, and coffee.

Agricultural Trade With the United States.—Denmark is the largest supplier of foodstuffs to the United States of the EFTA countries. In 1964, agricultural exports from Denmark to the United States were valued at $78 million, or 7 percent of total Danish agricultural exports. These consisted mainly of meat and meat preparations, alcoholic beverages, and furs. In 1964, the total value of Danish agricultural imports from the United States was $108 million, equal to one-fourth of total agricultural imports. U.S. agricultural imports by Denmark were oilseeds, oilseed meal, unmanufactured tobacco, and feed grains.

Factors Affecting Agricultural Trade.—The Danish market is protected by import restrictions—both quotas and import licenses—for many agricultural commodities. As a member of EFTA, Denmark maintains, on certain processed agricultural products, separate import tariffs on an ad valorem basis—one applying to imports from other EFTA countries and the other to non-EFTA countries. In recent years, there has been some relaxation of import restrictions. Those commodities liberalized include certain cheeses, rice, feed grains, oilseed and oilcakes, raw cocoa, raw tobacco, and certain fruits and vegetables.

—MARSHALL H. COHEN
Foreign Regional Analysis Division, ERS